

QUARTERLY EARNINGS SYNOPSIS

Insurance Technology (InsurTech)

Presented by 7 Mile Advisors & Paradigm Partners International | Q4 2019



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THE TEAM

SIMON BAITLER
Managing Director



Veteran of more than forty years in the insurance business. He became Chief Operations Officer for Transamerica Life Insurance and Annuity Company in 1978; he then served in several senior management and board positions, lastly as Executive Vice President and Chief Administrative Officer for the Transamerica Life Companies, and SCOR Reinsurance.

TRIPP DAVIS
Partner



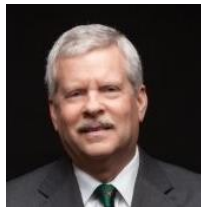
Partner with over 20 years of investment banking and advisory experience. Tripp joined 7 Mile Advisors from Hyde Park Capital Partners, where he served as head of the Business Services, Technology and Communications group while advising companies in a variety of industries on M&A and capital raising assignments.

BARRY JACOBSON
Managing Director



Managing Director with over 30 years in the insurance business. Mr. Jacobson was President of International Life for the ACE Group. He started the business from scratch and after 5 years it became a Global Life and Reinsurance business generating \$1 billion in revenue and \$200 million in after-tax operating profit.

GLENN CUNNINGHAM
Managing Director



Managing Director with more than 30 years of leadership and management experience in both the insurance and reinsurance industry. Glenn began his career with the Travelers Insurance Companies, served GE Capital, then joined Transamerica Corporation for over 15 years.

JIM GALLI
Managing Director



Managing Director with over 30 years of domestic and international insurance industry experience. Jim Galli has focused heavily in product development, underwriting, channel marketing and distribution expansion. Jim has served Legal & General America, MetLife, AIG, and MassMutual.

ANDY JOHNSTON
Partner



Partner whose investment banking and advisory services commenced in 1996 at Accenture. He has advised on transactions involving Perficient, Accenture, Altisource, CGI, FPT (Vietnam) and Merkle / Dentsu Aegis Network, among others.

LEROY DAVIS
Partner






















































Partner with over 20 years of investment banking experience. Leroy has managed assignments for public and private companies, ESOPs and financial sponsors. He is a Certified Public Accountant and began his career with Coopers & Lybrand.

MARK HUG
Managing Director



Managing Director and recognized business leader who has shaped the life insurance industry over the last four decades. Throughout his distinguished career he held senior leadership positions in global fortune companies including Transamerica, Aetna, AXA, and Prudential.

TRANSACTION EXPERIENCE

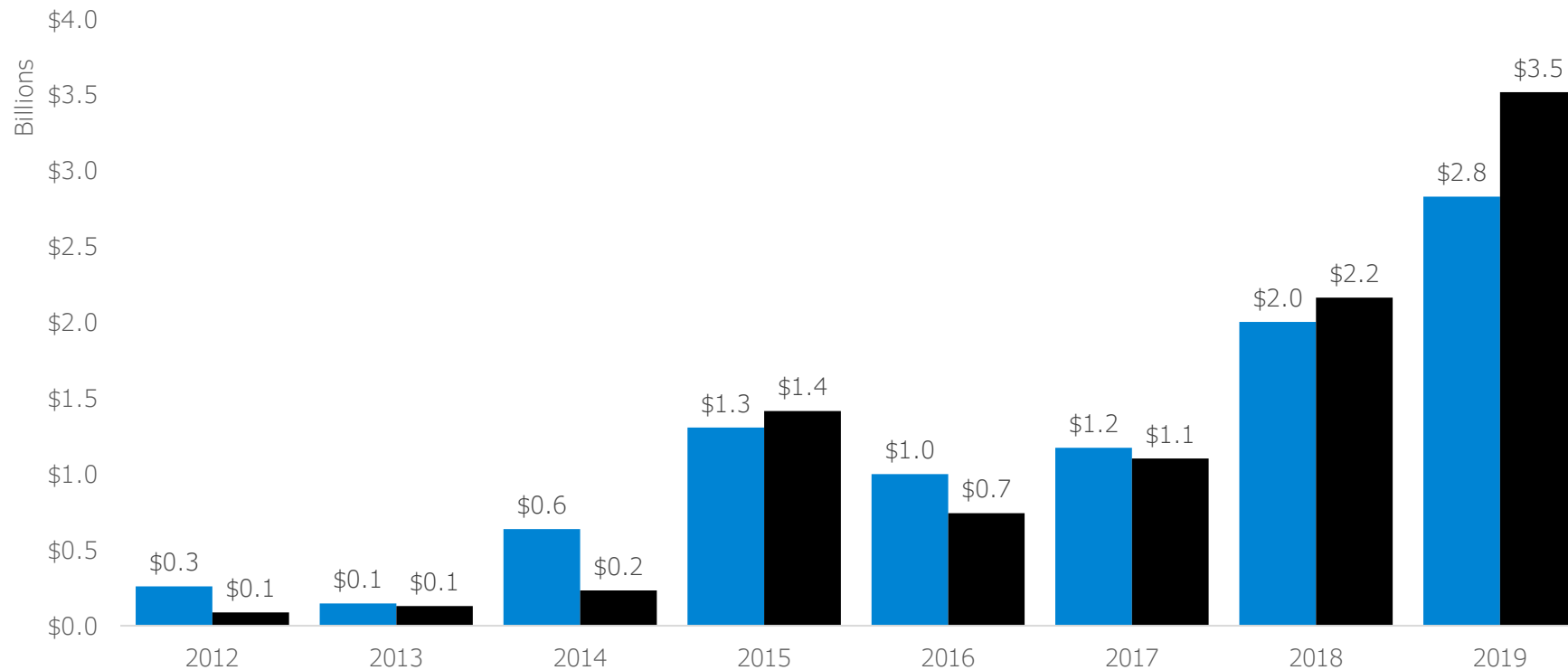
 <p>AN Global HAS ACQUIRED AgileThought</p> 	 <p>RBC HAS ACQUIRED Business Men's Assurance Company</p> <p>BUSINESS MEN'S ASSURANCE</p>	 <p>Belatrix Software ACQUIRED BY Globant</p> 	<p>LIBERTY LIFE OF GREENVILLE</p> <p>Liberty Life of Greenville ACQUIRED BY RBC</p> 	 <p>SADA Systems Microsoft Services Business ACQUIRED BY Core BTS</p> 	 <p>UNIGUEST</p> <p>Uniguest HAS ACQUIRED Touchtown</p> 	 <p>Springbox ACQUIRED BY Prophet</p> 
 <p>ARROW DIGITAL</p> <p>Arrow Digital ACQUIRED BY Softvision</p> 	 <p>SOURCE SUPPORT</p> <p>Source Support Services ACQUIRED BY Capitala</p> 	 <p>UNIGUEST</p> <p>UNIGUEST HAS ACQUIRED Tripleplay</p> 	 <p>Loughlin Management + Co. ACQUIRED BY BDO</p> 	<p>Paradigm Partners International</p> <p>PPI ADVISED Nimbus Insurance Inc.</p> 	 <p>LANDPOINT</p> <p>Landpoint ACQUIRED BY Cotton Creek Capital</p> 	 <p>SUNDOG</p> <p>Sundog interactive ACQUIRED BY Perficient</p> 
 <p>Propelics Inc. ACQUIRED BY Anexinet Corp.</p> 	 <p>HelloWorld HelloWorld, Inc. An L Catterton portfolio company</p> <p>CATTERTON ACQUIRED BY MERKLE</p> <p>a subsidiary of Dentsu Aegis Network Ltd.</p>	 <p>TRIANZ</p> <p>Trianz, Inc. HAS ACQUIRED Chicago Business Intelligence Group, Inc.</p> 	 <p>intellinet.</p> <p>Intellinet ACQUIRED BY FPT</p> 	 <p>aviana</p> <p>Aviana Global Technologies, Inc. HAS ACQUIRED Elite Analytics, LLC</p> 	 <p>Ridge Rock ACQUIRED BY Tysinger Acquisitions</p> <p>TYSINGER ACQUISITIONS</p>	 <p>Sonoma Partners ACQUIRED BY Ernst & Young LLP</p> 
 <p>Corsearch Inc., an Audax portfolio company, HAS ACQUIRED Yellow Brand Protection AB</p> 	 <p>Mainline Information Systems HAS ACQUIRED RTP Technology Corporation</p> 	 <p>UNIGUEST</p> <p>Uniguest HAS ACQUIRED ONELAN</p> 	 <p>Summa Technologies, Inc. ACQUIRED BY CGI Group Inc.</p> 	 <p>Baird Capital HAS ACQUIRED R2integrated</p> 	 <p>MBI Solutions, LLC ACQUIRED BY ESW Capital, LLC.</p> 	 <p>InvestTech Systems Consulting LLC ACQUIRED BY Accenture</p> 

- Our experienced deal team has executed on over 150 transactions -

SUMMARY

The InsurTech industry had a banner year in 2019 as total investment grew 52% yr/yr to \$6.35b, spanning 314 deals. Notably, 2019 produced ~34% of all InsurTech investment to date. The growth in the year was capped by a record-breaking Q4 which saw \$1.99b of investments over 75 projects, driven by “mammoth deals backing Root Insurance, Hippo, and PolicyBazaar.” This marks the sixth consecutive quarter of more than \$1.25b invested, dating back to 2018Q3, according to Willis Towers Watson’s [Quarterly InsureTech Briefing report](#). Importantly, investment in the sector has been roughly split between the Property & Casualty (P&C) and Life & Health (L&H) segments as seen below in Figure 1, while investment by function have been more varied as seen in Figure 2 (next page).

Figure 1: InsurTech Spend To Date (USD)

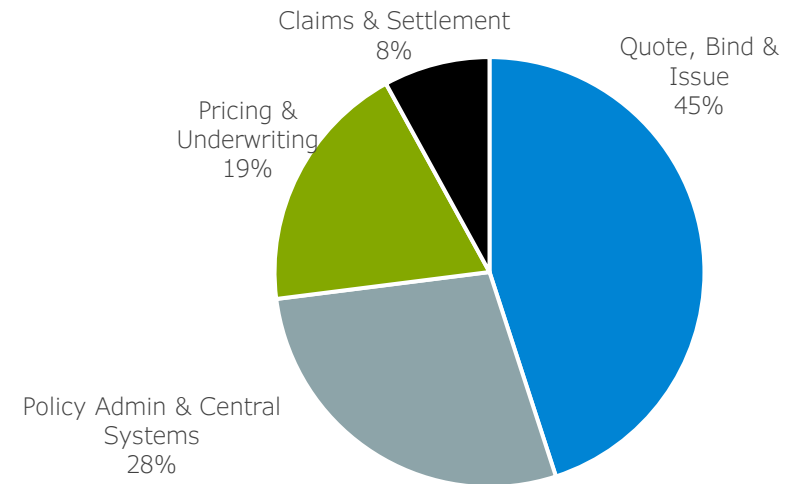


SUMMARY

The strong investment levels in 2019Q4 are undeniable, to be sure, but this data now seems irrelevant given the recent proliferation of the coronavirus (COVID-19). The impact of the coronavirus will undoubtedly have a significant impact on individuals' lives around the globe, many of which will be changed forever. The human toll cannot be underestimated or easily quantified. Additionally, the impact on national economies and specific industries will be unpredictable as governments and societies wrestle with how to stem the virus' spread. In the meantime, traditional insurers are likely to go through a rough spot as they struggle to get a firm grip on the new reality.

[Some argue](#) that in the midst of the COVID-19 crisis, "it is tough to imagine the fertile environment for insurtech startups that the sector has enjoyed can last much longer." We tend to agree as the investment pertains to startups. However, insurtech technology providers that furnish real, proven solutions will likely continue to be a hot commodity. Going forward, we anticipate almost every aspect of the insurance process to be upended, as the industry faces its largest crisis since 9/11. Insurers tend to be conservative with massive national brands, products, and underwriting methodologies that have not changed significantly in decades. This recent shock to the system could provide the spark of modernization needed.

Figure 2: InsurTech Investment Mix



 MAJESCO

 EXL

 intellect®
Design for Digital

 CoreLogic™

 SAPIENS

 GUIDEWIRE

 FINEOS

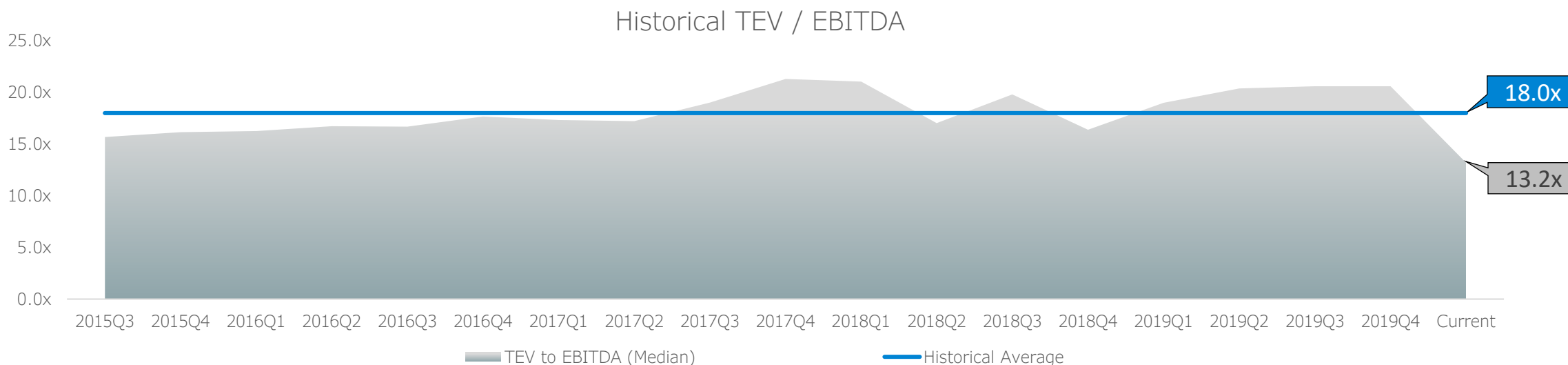
 Verisk

 EBIX

 RELX

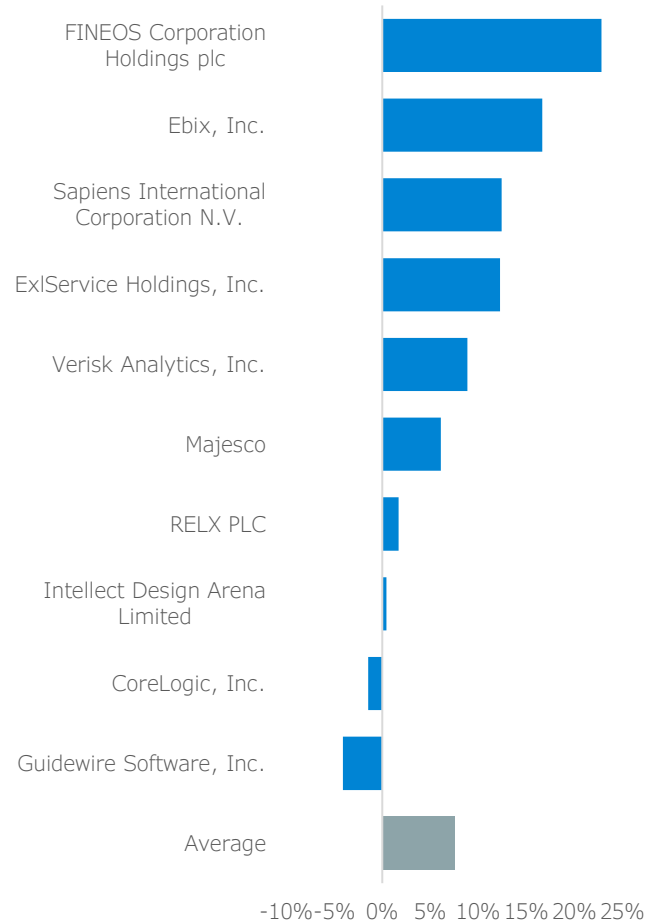
PUBLIC BASKET AND VALUATION TRENDS

Company	Market Cap. (m)	LTM Margins		Revenue Growth		ROE		Multiples		TEV / EBITDA	# FTEs	LTM Rev. Per FTE
		Gross	EBITDA	LTM	NTM	LTM	NTM	P / S				
								LTM	NTM			
RELX PLC	\$32,608	65.0%	30.5%	1.7%	NA	66.6%	NA	3.2x	NA	15.4x	33,200	\$304k
Verisk Analytics, Inc.	\$22,467	62.5%	40.5%	8.9%	8.7%	20.4%	30.9%	8.6x	7.9x	23.3x	9,060	\$288k
Intellect Design Arena Limited	\$6,894	26.2%	1.9%	0.4%	NA	1.7%	NA	34.8x	NA	13.2x	4,665	\$42k
Guidewire Software, Inc.	\$6,700	53.3%	0.6%	-4.1%	5.3%	-1.3%	4.4%	9.6x	9.1x	NM	2,355	\$298k
CoreLogic, Inc.	\$2,631	50.1%	21.0%	-1.5%	-3.0%	5.0%	21.9%	1.5x	1.5x	11.1x	5,100	\$346k
ExlService Holdings, Inc.	\$1,787	33.9%	13.5%	12.3%	5.7%	10.4%	16.2%	1.8x	1.7x	11.2x	31,700	\$31k
Sapiens International Corporation N.V.	\$932	39.8%	17.5%	12.4%	17.1%	12.2%	18.1%	2.9x	2.4x	14.8x	2,500	\$130k
Ebix, Inc.	\$533	64.7%	26.5%	16.6%	16.9%	18.8%	19.9%	0.9x	0.8x	6.6x	7,975	\$73k
FINEOS Corporation Holdings plc	\$711	66.4%	4.1%	22.8%	NA	-2.6%	NA	8.6x	NA	88.1x	664	\$124k
Majesco	\$214	49.3%	9.2%	6.1%	NA	9.4%	NA	1.5x	NA	11.0x	2,682	\$54k
Average	\$7,548			7.6%	8.4%	14.0%	18.6%	7.3x	3.9x	21.6x	9,990	\$169k
Median	\$2,209			7.5%	7.2%	9.9%	19.0%	3.0x	2.1x	13.2x	4,883	\$127k



OPERATIONAL METRICS

LTM REVENUE GROWTH %



LTM EBITDA %



LTM ROE %



Commentary

“Our third quarter financial results reinforce the continuing momentum of our cloud subscription product focus. Our product business now represents more than 40% of our total revenue. The number of cloud customers continues to grow with accelerating project go-lives, as our customers are benefitting from dramatically reduced project implementation timelines.” — Adam Elster, CEO

Highlights

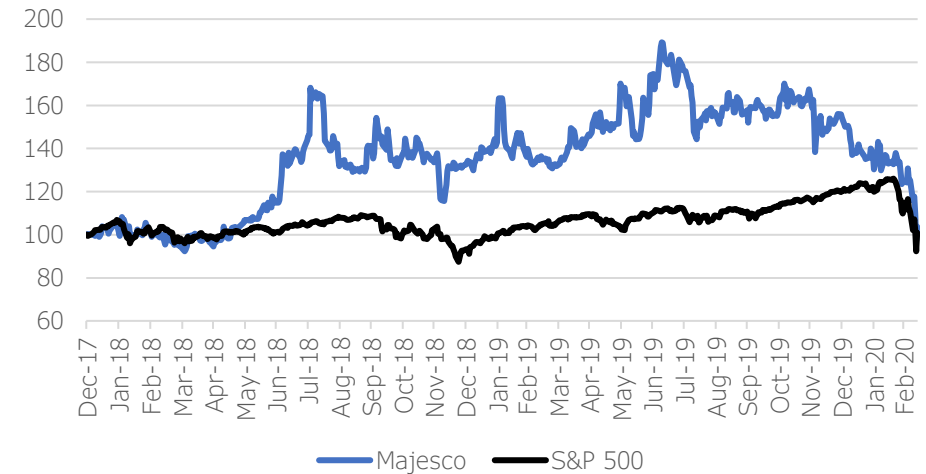
For the quarter ended September 30, 2019 (2020Q3):

- Following the close of the quarter, Majesco announced the acquisition of InsPro Technologies, an insurance administration and marketing system that supports group and individual business lines, and efficiently processes agent, direct market, worksite and web site generated business. InsPro Technologies processes over 15m policies for some of the leading blue chip insurance carriers and third party administrators in the U.S. This acquisition helps to “expand Majesco’s depth in voluntary group and worksite benefit markets”, according to CEO Adam Elster.
- Total revenue grew 4% yr/yr to \$37.2m driven by increased subscription revenue as projects go, as well as new business addition in P&C.
- The company continues to see success in its cloud subscription product efforts with the total cloud customers increasing to 63 in 2020Q3 (vs. 61 in 2020Q2), while cloud-based customer revenue increased 39% yr/yr to 44% of total revenue (vs. 39%) in the same periods.
- The company’s backlog has exceeded \$100m for two consecutive quarters and now stands at \$102m, a near record high.

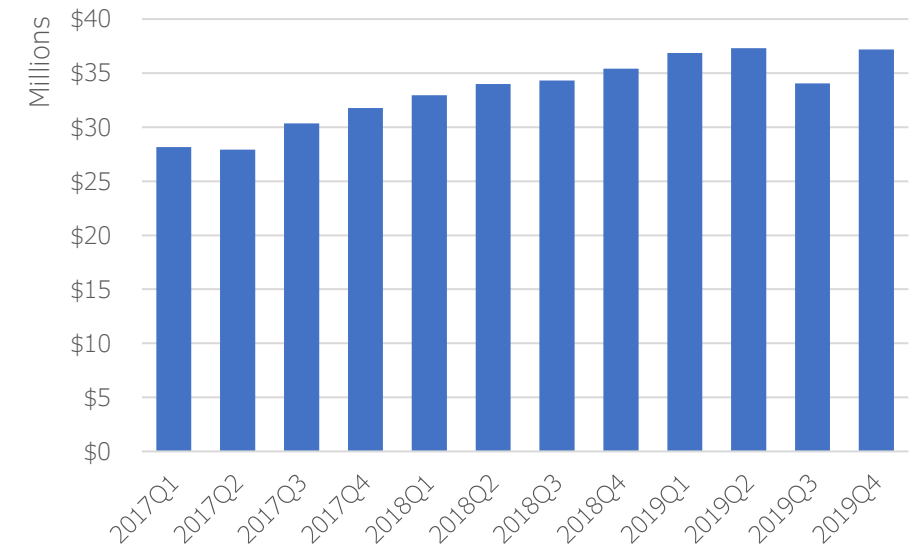
News

- [Majesco to Acquire InsPro Technologies](#)

Stock Performance (Indexed)



Total Revenue



Commentary

"Sapiens finished 2019 on a very strong note with revenue growth accelerating in the second half of the year, highlighted by fourth quarter year-over-year growth of 80%, one of our strongest quarter top line gains in the recent years. Sales growth came from expansion in our P&C businesses in North America and EMEA as well as improvement in our loss and annuity businesses. Recent acquisitions and internal investment in our core software product, improve our competitive position with a wider range of insurers' solutions supported by technology-led services for pre and post-production." – Roni Al-Dor, CEO, President & Director

Highlights

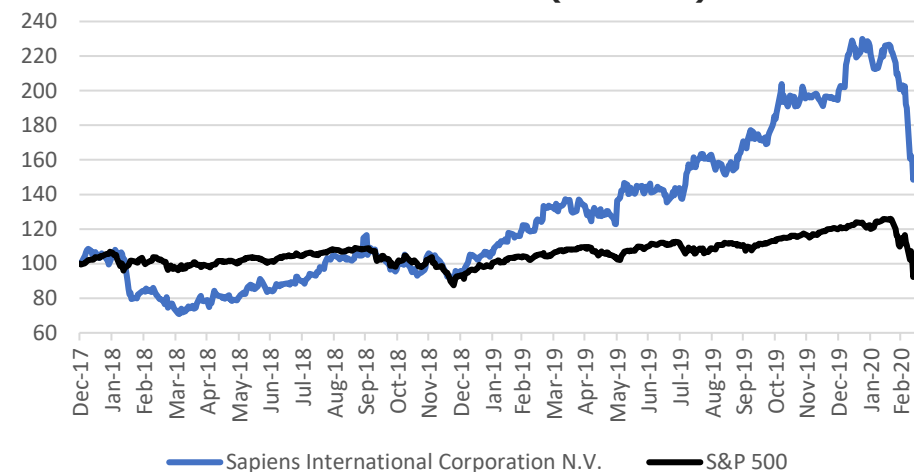
For the quarter ended December 31, 2019 (2019Q4):

- 2019 Non-GAAP Operating Margin rose 16.5% year-over-year due to internal operational improvements and control over spending; Q4's Non-GAAP Net Income increased 34.8% to \$10.6m over the same time period.
- Q4 has seen an unprecedented competitive advantage over means of service delivery compared to competition by further driving more capacity to Sapiens' offshore entities which improve profitability margins.
- Multiple signings in new P&C, Life & Pensions businesses throughout both domestic and international businesses.
- Sapiens' IDITSuite was once again recognized as a leader in Gartner Magic Quadrant for non-life insurance platforms in Europe.

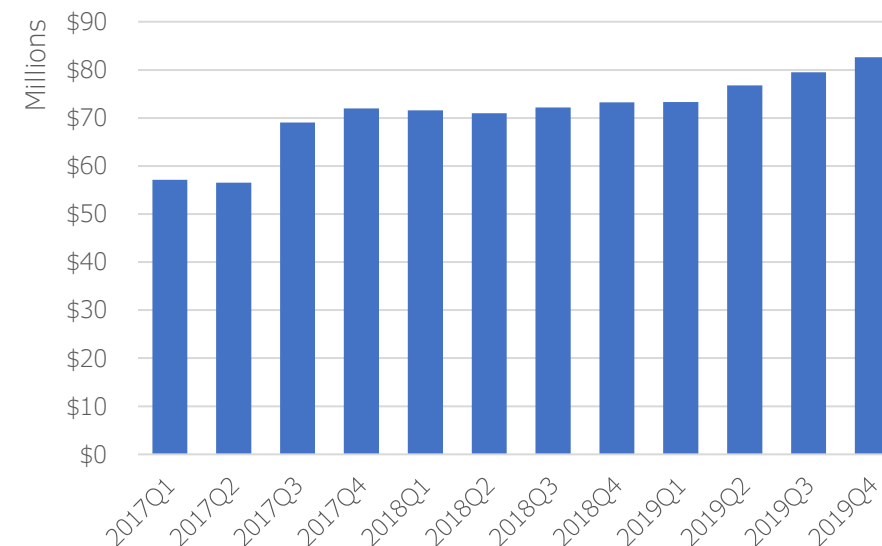
News

- [SAPIENS RECOGNISED AS A LEADER IN GARTNER'S MAGIC QUADRANT FOR NON-LIFE-INSURANCE PLATFORMS, EUROPE](#)

Stock Performance (Indexed)



Total Revenue





Commentary

"Let me start by saying 2019 was an important year in establishing a strong foundation for growth in North America. Our focus this past year has been on strengthening our insurance exchanges, enhancing our products, adjusting our pricing and creating a strong leadership team that will take Ebix in North America on a progressive journey."

- Ash Sawhney, President - Insurance Solutions of North America

Highlights

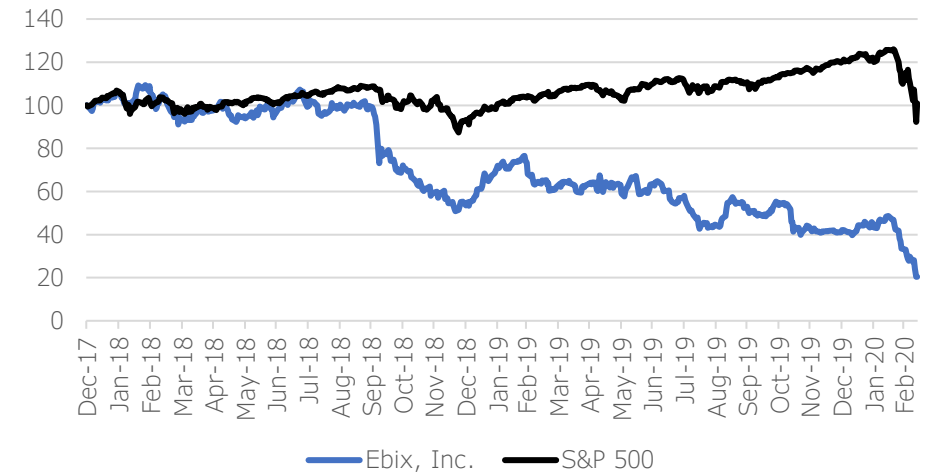
For the quarter ended December 31, 2019 (2019Q4):

- 2019 FY Revenue increased 17% year-over-year to \$580.6m with management looking to realize \$700-750m in 2020 with 3 acquisitions combined with organic growth which they believe is feasible.
- A big focus for the 2020 FY will be the direct-to-consumer insurance sales; management lists this business unit as the hottest trend in insure-tech at the moment.
- In Q4 2019, Ebix announced the highly anticipated analytics tool on the Winflex life illustration exchange; based on the share volume of data that the company processes through the Winflex platform, which exceeds 18 million illustrations a year, Ebix is in a prime position to support its carriers and distributors in analyzing the performance of their products and to benchmark them against industry peers.
- GeniEbix, Ebix's initiative in AI and machine learning is gaining momentum as management applies its transformative tools to the company's existing platforms; these initiatives will provide incremental revenues going forward.

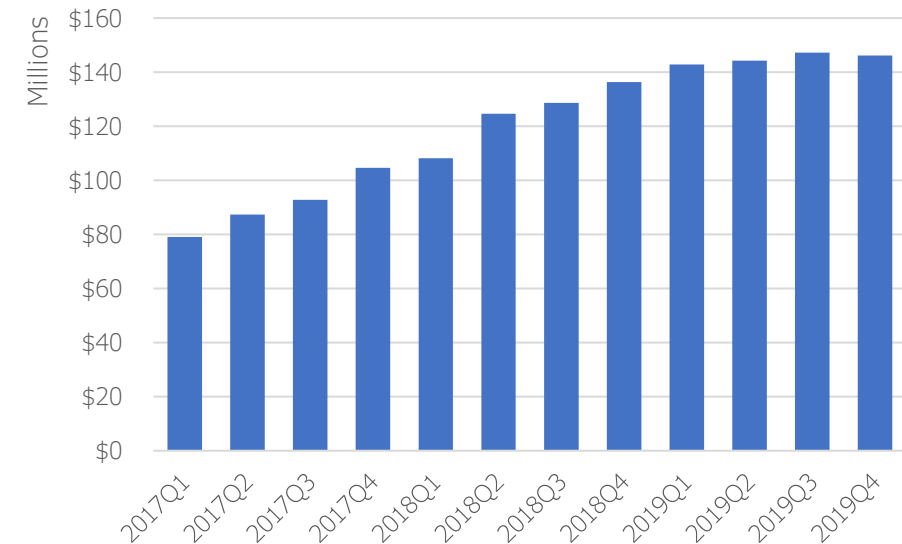
News

- [Ebix launches GeniEbix - A new generation Artificial Intelligence and Machine Learning solution to power its insurance exchanges and enterprise platforms](#)

Stock Performance (Indexed)



Total Revenue





Commentary

"I am pleased to report that 2019 was a great year for EXL. We celebrated our 20th anniversary as a company and surpassed \$1 billion in annualized revenues for the first time. We continue to see a favorable demand environment, and our value proposition is resonating very well across industries and service lines." – Rohit Kapoor, Co-Founder, Vice Chairman & CEO

Highlights

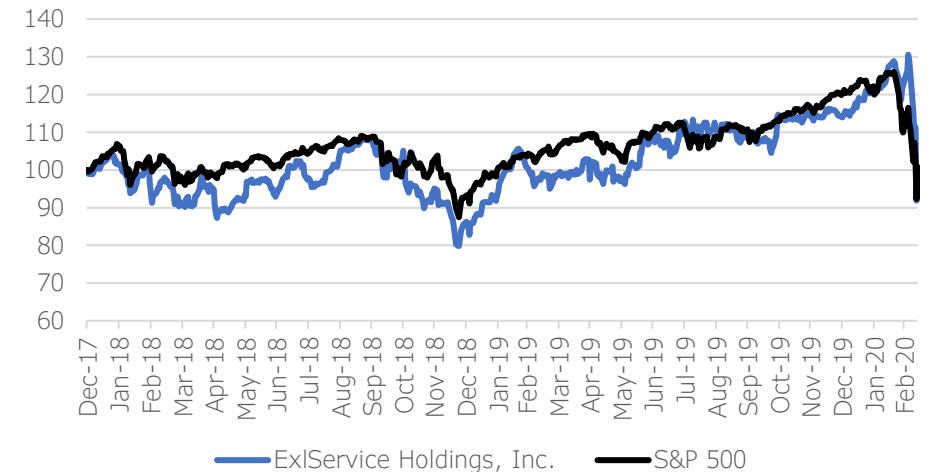
For the quarter ended December 31, 2019 (2019Q4):

- 2019 FY generated \$991.3m Revenue, a YOY growth of 12.3% with Adjusted EPS growing 10.7% to \$3.31.
- Ending 2019, Exl's analytics revenue has tripled and today represents 36% of Exl's total revenue; Exl is not recognized as an industry leader in the analytics space, differentiated by both the scope and scale of the practice which is substantiated by Exl's inclusion in the Gartner Magic Quadrant for Data and Analytics Service Providers Worldwide.
- 2 key drivers for momentum heading into 2020 will be expansion into inorganic growth through acquisitions of existing accounts and ability to design and build large-scale global centers of excellence in data management and analytics.
- In 2019, Exl streamlined its organization structure to 4 business units: Insurance, Healthcare, Analytics and Emerging. The deeper verticalization in Insurance and Healthcare will accelerate Exl's growth by bringing together our capabilities across operations, analytics, data and digital with an industry-specific lens.

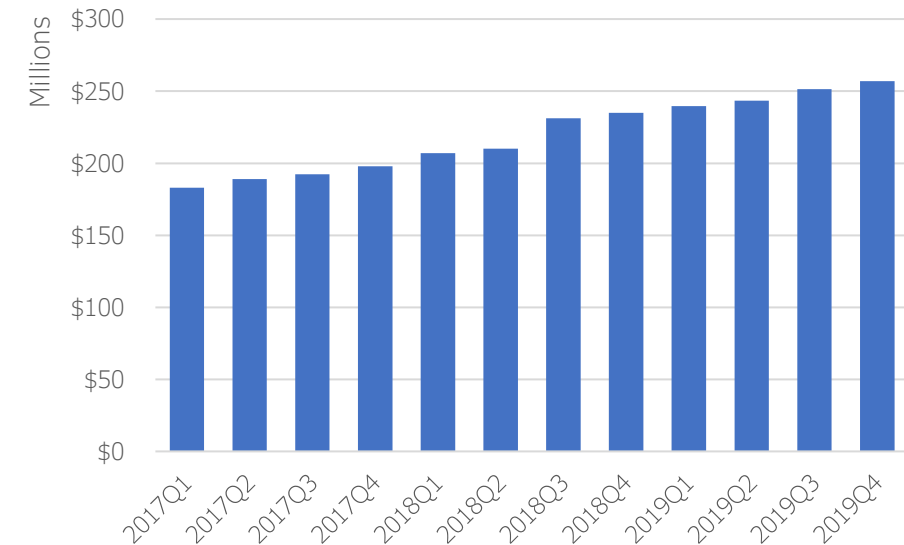
News

- [EXL Achieves Leader Status in Everest Group PEAK Matrix™ Assessment 2019 for Clinical and Care Management BPS Services](#)

Stock Performance (Indexed)



Total Revenue





Commentary

"The CoreLogic team delivered an outstanding operational and financial performance in 2019, and we're well positioned for continuing growth and success in 2020 and beyond...our strategic vision of providing transformative cutting-edge property insights, platforms and solutions that enable real estate professionals to help millions of people find, buy and protect their homes." – Frank D. Marterll, CEO, President & Director

Highlights

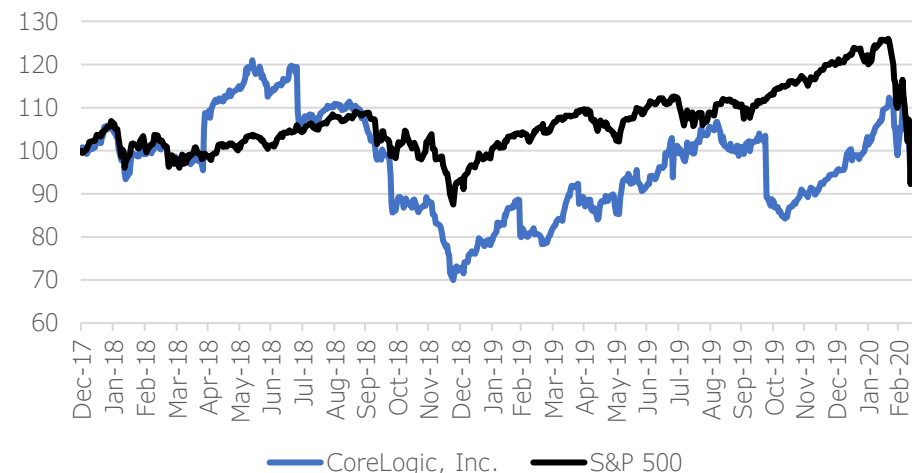
For the quarter ended December 31, 2019 (2019Q4):

- 2019 Q4 Revenue grew 12% year-over-year driven by primarily by the growth in core mortgage, platform-related and other high-margin businesses, as well as higher origination unit volumes in the U.S. market; organic growth trends accelerated during the quarter, boosted by market share and pricing gains.
- One example of accelerated momentum on the organic growth front relates to the new collateral valuation services model. Corelogic successfully completed the AMC transformation last December; the new service model has attracted significant market interest, and recently secured major new contracts with 2 of the top 10 U.S. Mortgage Originators.
- During 2019, core mortgage operations continued to gain scale and build market leadership through the provision of bundled solution packages that leverage Corelogic's efficient and integrated technology and back office infrastructure and best in the industry data repositories; in terms of market volumes, an overall unit volumes grew slightly more than 10% in 2019, boosted by elevated refinancing activity.

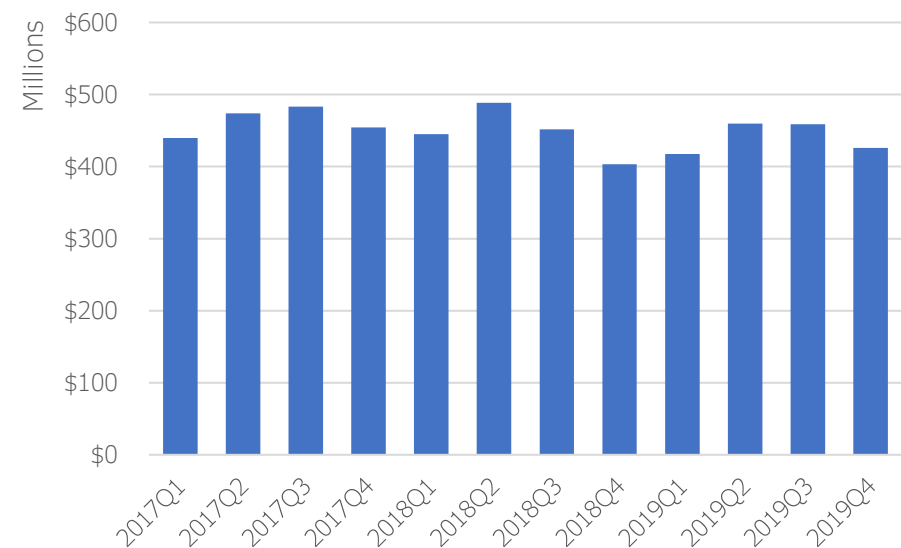
News

- [Corelogic Integrates Hover Property Measurement and 3D Technology into Underwriting Platform](#)

Stock Performance (Indexed)



Total Revenue





Commentary

"7 months into my role here, I can confidently say that Q2 was a solid quarter. But make no mistake, we are in the midst of a very significant transformation, not just for our company, but also the industry...we are confident that we will continue to build on our market-leading position as the partner of choice for core modernization projects as we invest in and continue to deliver on cloud product offerings." – Michael George Rosenbaum, CEO & Director

Highlights

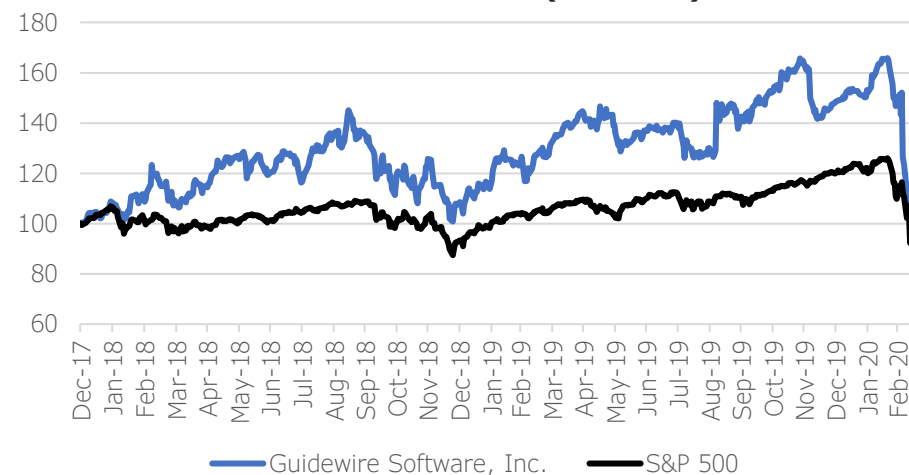
For the quarter ended December 31, 2019 (2020Q2):

- 2020 Q2's revenue and profitability margins have all beat the upper guidance range driven from transitioning the company's service offering to a cloud-based subscription model with ARR at \$474m, up 13% from the prior year.
- Management continues to emphasize growth heading into the latter-half of 2020 for the InsuranceSuite Cloud suite deal activity this year. Guidewire's exposure to cloud managed services capabilities cements long-term success when the market is shifting away from self-managed core systems faster than the industry suspects. Customers and prospects primarily in North America previously considering self-managed systems are, in many cases, are reconsidering that path and extending their thought process to consider Guidewire Cloud.

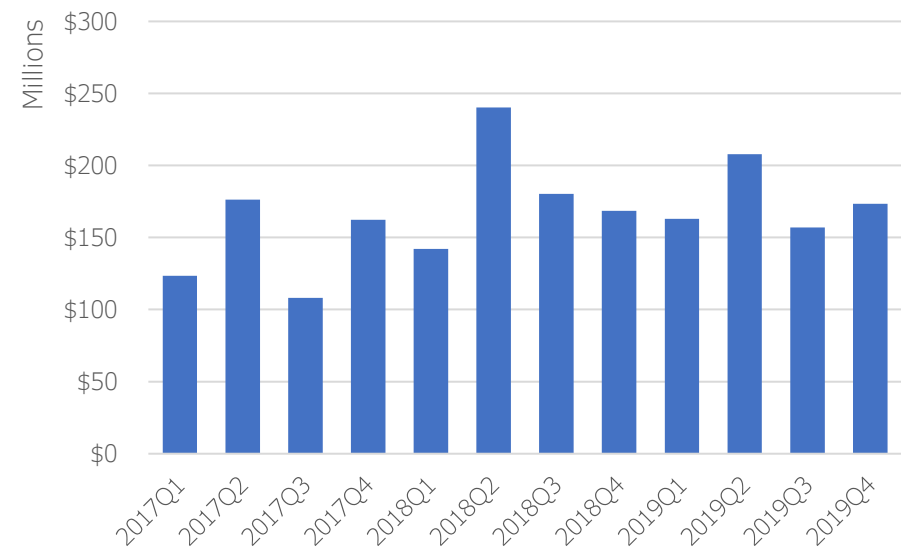
News

- [Guidewire launches no-code cloud insurance solution](#)

Stock Performance (Indexed)



Total Revenue





Commentary

"2019 was another strong year for Verisk, marked by solid financial results while we continued to invest for future growth." - Scott G. Stephenson, Chairman, CEO & President

Highlights

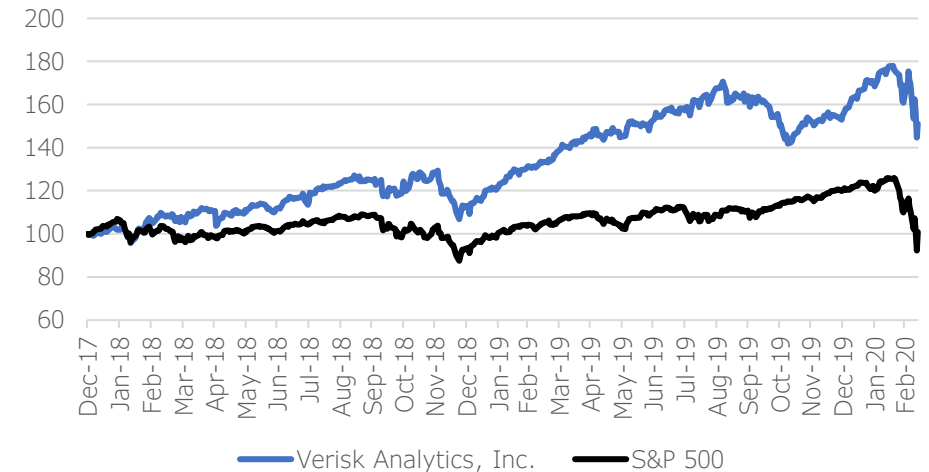
For the quarter ended December 31, 2019 (2019Q4):

- 2019 FY Revenue growth of 6.9% was driven by broad-based strength across the insurance vertical and marked improvement in energy and specialized markets business units.
- 2019 FY Adjusted EBITDA growth of 7.7% came from implementing operational best practices and in result is the product of lean running an efficient and lean operations.
- Continuing on the strategic front, February 1, 2020, Verisk closed on the previously announced sale of its aerial imagery sourcing group to Vexcel Group; this transforms Geomni into an asset-light operation with a focus on advanced data analytics. Moreover, it meaningfully reduces the cost structure of their Geomni business while giving the company access to the leading U.S. image library along with favorable economics.
- In Q4 of 2019, Verisk acquired FAST, a leading SaaS company for the life insurance and annuity industry; FAST offers a modular, flexible policy administration system that allows life insurance companies to modernize legacy systems in stages and without a large upfront capital commitment. Adding FAST to the Verisk portfolio is a strong step forward as we make advances into the life insurance market.
- Another key strategic initiative for Verisk is our journey to migrate to the cloud, what Verisk refer to internally as cloud first.

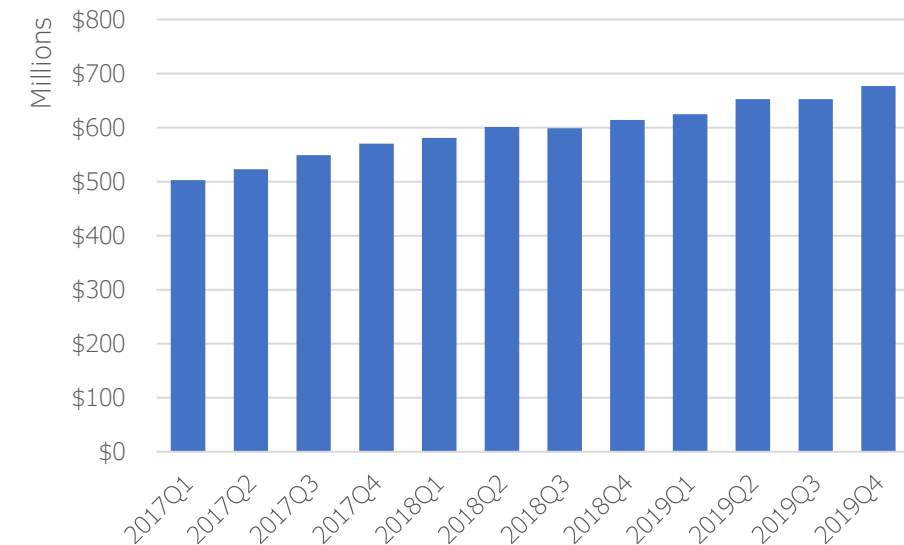
News

- [Vexcel Imaging to Acquire Imaging Resources](#)

Stock Performance (Indexed)



Total Revenue



KEY TRANSACTIONS (2019Q4)

Date	Target	Buyers/Investors	Target Business Description
12/04/2019	Flexible Architecture and Simplified Technology, LLC	Verisk Analytics, Inc. (NasdaqGS:VRSK)	Flexible Architecture and Simplified Technology, LLC provides insurance software for financial service clients. The company offers FAST 8x, a software development automation engine that allows users to develop new software components or applications. It also provides improved development efficiency solutions; creates Web portals for policyholders, and distribution and home offices; solutions for policy administration, distribution management, expanding business capabilities, and new business processes; services-oriented architecture implementation solutions; insurance legacy refurbishment and modernization solutions; and strategic and implementation consulting services. The company is headquartered in Edison, New Jersey.
12/04/2019	miEdge	Zywave, Inc.	IBIS, LLC, doing business as miEdge, develops and operates a cloud-based platform, providing prospecting and data solutions for the insurance industry. The company utilizes multiple data sources, including Form 5500 data from the Department of Labor; IRS; DOT; and OSHA to create business intelligence. It applies business logic, along with algorithms and data cleansing, to provide data intelligence in an intuitive user interface. Further, it provides CRM integration with Salesforce.com and Microsoft Dynamics for account and lead creation; and offers a unique numbering system that allows for single employer identification with no duplication. Its cloud based prospecting solutions provide subscriber access, along with integration to Google and LinkedIn for pre-call research. Its data analytics solution delivers health and welfare employee benefits; and marketplace analytics. The company was founded in 2010 and is headquartered in New Boston, New
09/09/2019	Ventiv Technology Inc.	Tailwind Capital Group, LLC	Ventiv Technology Inc. develops cloud based risk management, claims, and safety software platforms and solutions for organizations. The products include Ventiv IRM, a platform which enables risk managers to view and analyze data; Ventiv Claims for claims analysis; Ventiv Policy, a platform for underwriting processes; Ventiv Digital for risk, insurance, and claims information; Ventiv Analytics for data analysis; and Ventiv RPA for investment analysis. It offers integrated risk management, enterprise risk management, and information technology solutions. It serves aviation, captives, construction, insurance, logistics, natural resources, and retail industries; and third-party administrators and middle-sized businesses. Ventiv Technology Inc. was formerly known as Aon eSolutions Incorporated and changed its name to Ventiv Technology Inc. in September, 2014. Ventiv Technology Inc. was founded in 1994 and is based in Atlanta, Georgia. It has additional offices in the United States, Europe, Asia, and Australia. Ventiv Technology Inc. is a former subsidiary of Aon Risk Solutions.

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